

In general, Wells Fargo discloses a credit card "that gives users rebates on home mortgage loans at Wells Fargo". These rebates can be "used to pay out-of-pocket loan fees or to get a lower interest rate". It is explicitly stated that customers must qualify for a Wells Fargo mortgage to be eligible. It is apparent that the Wells Fargo rebates are intended for use only in connection with establishing a new home mortgage loan for a prospective customer. Wells Fargo teaches only rebates in connection with "out-of-pocket loan fees" or "lower interest rates", not payments toward principal. Accordingly, Wells Fargo fails to teach or suggest the invention as claimed.

The invention as claimed is directed to a credit card incentive system in which a credit card issuer makes a payment on behalf of a credit card holder. This payment is made to a lending institution to be applied against outstanding principal on a note for a loan made to the credit card holder. One advantage of the invention is that the credit card issuers need not be connected to the lending institution (e.g., as would be required to secure a lower interest rate). Another advantage of the invention is that the credit card holder gets continual rebate benefits from use of the credit card, as opposed to a one time benefit at the time the home mortgage is established. Claim 1 is allowable because the prior art lacks the structure of the invention as claimed, and fails to disclose or suggest any comparable structure for performing similar functions. Claim 5 depends from claim 1 and is allowable with claim 1.

Claims 12 and 16 were also rejected as anticipated by Wells Fargo. The examiner states:

[A] home mortgage loan .. reads on an installment loan. The reference also teaches awarding a lower interest rate, which reads on periodically calculating a loan benefit amount and paying this amount to the lending institution.

Wells Fargo does not teach establishing a credit card account; issuing a credit card; and periodically calculating the value of all purchases made and interest charged. However, since Wells Fargo teaches the method claimed, under the principles of inherency (MPEP § 2112.02) the invention is considered to be anticipated in this regard by Wells Fargo. As evidence tending to show inherency, it is noted that the customer could not very well accrue charges without having been issued a card, and

could not be expected to pay charges and interest accrued until it was calculated.

As stated above, Wells Fargo teaches only rebates in connection with "out-of-pocket loan fees" or "lower interest rates", not payments toward principal. Claim 12 also recites that the "installment loan benefit amount is applied against the outstanding principal balance." In this regard, claim 12 is allowable for the same reasons as claim 1. Only Applicant has recognized the advantages of the invention as claimed. For example, the invention attracts consumers with existing loans, such as a home mortgage loan, installment loan or the like. The structures whereby these benefits are achieved are particularly and distinctly defined in the claims of record, and are simple not found in the prior art.

#### Claim Rejections under 35 U.S.C. § 103

Claims 12 and 16 were also rejected as obvious over Wells Fargo. As stated above, Wells Fargo as well as the prior art of record fail to teach or suggest the invention as claimed. The invention provides an incentive system whereby a credit card issuer makes a payment against outstanding principal on behalf of a credit card holder. The credit card issuers need not be connected to the lending institution (e.g., as would be required to secure a lower interest rate). The credit card holder gets continual rebate benefits from use of the credit card, as opposed to a one time benefit at the time the home mortgage is established.

The prior art of record fails to recognize the benefits of a system and method as claimed. Wells Fargo teaches only rebates in connection with "out-of-pocket loan fees" or "lower interest rates", not payments toward principal. The prior art of record is also silent as to the possibility of an incentive system whereby a credit card issuer makes a payment against outstanding principal on behalf of a credit card holder.

Claims 7 and 14 were rejected as unpatentable over Wells Fargo in view of Borowsky (Dialog file 15, document number 00729051). The examiner states:

Wells Fargo does not teach that the size of the reduced mortgage interest payment comprises a straight percentage of the value of goods and services purchased by the credit card holder. Because Borowsky teaches that the Wells Fargo card program offers a straight 5% rebate on all purchases, it would

have been obvious to one of ordinary skill in the art, at the time of the invention, to determine the size of the reduced mortgage interest payment as a straight percentage of the value of goods and services purchased by the credit card holder.

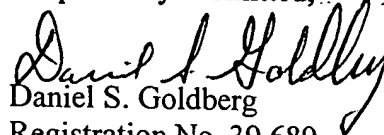
Reconsideration is requested. Nowhere does Wells Fargo teach or suggest the application of credit card rebate benefit to the payment of principal in connection with a home mortgage loan, installment loan or the like. Wells Fargo in combination with Borowsky simply teaches that the California Advantage Card rebates 5% of credit card purchases (subject to a maximum of \$3500 for standard card holders, or \$5000 for gold card holders). These rebates can only be used in connection with "out-of-pocket loan fees" or "lower interest rates" for a newly created mortgage loan. The Wells Fargo credit card is "a means to attract mortgage customers". See Borowsky, page 2, following "NEW CARDHOLDERS". In contrast, the invention attracts consumers with existing loans, such as a home mortgage loan, installment loan or the like. In this regard, Borowsky rebuts the assertion that Wells Fargo teaches the method claimed, under the principles of inherency. Borowsky expressly confirms that benefits associated with Wells Fargo are applicable only to a newly created mortgage loan. The invention contemplates the application of credit card rebate benefit to the payment of principal on a note. The structure required to implement the invention and the benefits provided thereby are wholly absent from the Wells Fargo, Borowsky and the prior art of record.

Claim 10 was rejected as unpatentable over Wells Fargo in view of CardTrak. Claims 8, 9, 15 and 17-20 were rejected as unpatentable over Wells Fargo in view of Borowsky and CardTrak. CardTrak teaches other examples of credit card products with associated rebate benefits. None of these products teach or suggest the application of credit card rebate benefit to the payment of principal on a note. The CardTrak reference, taken alone or in combination with the prior art of record fails to teach or suggest the invention as claimed. As stated above, all of the dependent claims include the limitations of claims 1 or 12 and are allowable in accordance with the arguments set forth above.

Conclusion

In light of the above discussion, it is respectfully submitted that the claims are in condition for allowance. The issuance of a Notice of Allowance is earnestly solicited.<sup>2</sup>

Respectfully submitted,



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<sup>2</sup> FEE DEFICIENCY

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